UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1993/SR.6
20 May 1993
ENGLISH
ORIGINAL: FRENCH

GOVERNING COUNCIL

Special session

SUMMARY RECORD OF THE 6th MEETING

Held at Headquarters, New York,
on Thursday, 18 February 1993, at 7 p.m.

President: Mr. ADOUKI (Congo)

CONTENTS

Administrative authority to approve preparatory assistance to global projects

Sectoral Support Programme: UNIDO Country Director

This record is subject to correction.

Corrections should be submitted in one of the working languages. They should be set forth in a memorandum and also incorporated in a copy of the record. They should be sent within one week of the date of this document to the Chief, Official Records Editing Section, Office of Conference Services, room DC2-750, 2 United Nations Plaza.

Any corrections to the records of the meetings of this session will be consolidated in a single corrigendum, to be issued shortly after the end of the session.

The meeting was called to order at 7.20 p.m.

ADMINISTRATIVE AUTHORITY TO APPROVE PREPARATORY ASSISTANCE TO GLOBAL PROJECTS (DP/1993/51)

1. Mr. ROTHERMEL (Director, Division for Global and Interregional Programmes) said that, as indicated in document DP/1993/51, it had been proposed to increase the authority granted to the Administrator to approve preparatory work for global projects, from a level of $125,000 set by the Governing Council in 1980 to $250,000. The increase was consistent with the rate of inflation since 1980 as well as the increase in funds allocated to the IPF.

2. The preparatory work for global projects of the magnitude of those approved by the Governing Council at its thirty-ninth session was increasingly lengthy and costly, and the ceiling established 13 years earlier was no longer high enough to defray those costs. Therefore, it was recommended that the Governing Council should approve the increase in order to improve the efficiency of programme preparation.

3. Mr. MONROE (United States of America) said that his delegation appreciated that the substantial increase would facilitate the Administrator's work, but it was not convinced that the measure was warranted at that stage. Document DP/1993/51 failed to cite any instances in support of the recommendation where the amount currently authorized had hampered efforts to undertake preparatory work. Furthermore, there was no indication that accountability measures had been strengthened to ensure that contracts with consultants were in strict accordance with UNDP's financial regulations. The external auditor's report had disclosed a number of irregularities with respect to the hiring of consultants.

4. Since the controls now in place were insufficient, his delegation proposed that the request should be resubmitted at the June session, along with additional information and, if possible, the views of ACABQ and the Board of Auditors. The latter should also be requested to comment on the effect of any proposed change in the administrative authority on the financial regulations and rules of UNDP and on the possibility of auditing all preparatory assistance to global projects over a certain figure.

5. Mr. TWITE (United Kingdom) said that he had no objection to the proposed increase, which amounted to only 5 per cent per year since 1980, just keeping pace with inflation. However, he emphasized the importance of auditing accounts and, like the United States delegation, would welcome an in-depth review of the comments of the Board of Auditors regarding UNDP. His delegation was surprised that by the argument adduced in paragraph 3 of document DP/1993/51 the preparation of global projects required increased time. He hoped that did not indicate an increase in costs.

6. Mr. BABA (Observer for Uganda), said that he supported the proposed increase, which simply kept pace with the inflation which had occurred since the initial authorization in 1978. He urged strict accountability in the use of that authority.

7. Mr. ROTHERMEL (Director, Division for Global and Interregional Programmes) fully agreed with the comments concerning accountability and auditing of expenditure for global projects. Project preparation required more time because the questions addressed were becoming increasingly complex and new concerns, particularly relating to the ecology, must be considered. The draft decision produced following informal consultations should meet the concerns of the United States delegation.

8. Mr. GRAISSE (Secretary of the Governing Council) read out the draft decision:

"The Governing Council,

"Approves an increase in the authority granted to the Administrator to approve preparatory assistance to global projects from the present level of $125,000 to $250,000, pending final approval by the Governing Council at its fortieth session (1993)."

9. The PRESIDENT said that, if he heard no objection, he would take it that the Council approved the draft decision.

It was so decided.

10. Ms. LIEDES (Finland) inquired how the Secretariat interpreted that decision as regarded the date of its entry into force and the duration of the authorization granted to the Administrator.

11. Mr. GOMEZ (Associate Administrator) said that the authorization was provisional. It took effect upon its approval, and would remain in force until the next session of the Governing Council, which would again rule on the matter.

SECTORAL SUPPORT PROGRAMME: UNIDO COUNTRY DIRECTOR (DP/1993/61)

12. Mr. GOMEZ (Associate Administrator) said that UNDP was providing $3.8 million a year to the UNIDO Country Director programme. That funding was provided from the $19 million allocated to sectoral support for the fifth programming cycle. UNIDO had been unable to maintain costs within the original estimates, and there was an immediate shortfall of $2.6 million in projected resources for 1992 and 1993. In its decision IDB.10/DEC.11, the Industrial Development Board had invited the Governing Council to consider increasing the annual allocation to the UNIDO Country Director programme. Therefore, the Administrator was proposing that the Governing Council should consider increasing the yearly allocation for 1992 and 1993 within the limits of the total $19 million earmarked for the funding of the UNIDO Country Director programme, which would lead to a corresponding reduction of yearly allocations for the last three years of the cycle. It should be noted that a review of the sectoral support programme was scheduled for 1994.

13. Mr. SHARMA (India) said that the proposal contained in document DP/1993/61 was justified by the circumstances, and his delegation supported it. However, he wished to emphasize that, given its strained resources, UNDP should make economy its major concern in order to maintain its technical assistance to developing countries. His delegation was unhappy with the decision of the

(Mr. Sharma, India)

Administrator to reduce IPFs by 25 per cent, which would certainly have an effect on the development of recipient countries. The comparative advantage of UNDP must be maintained and its technical assistance must be able to meet the needs of recipient countries. The specialized agencies should cooperate in the implementation of various development programmes. The new successor arrangements for support costs could be useful in that regard, if they made it unnecessary for UNDP to provide financial assistance called for in the proposal. In due course, UNIDO should marshall its own resources to sustain such programmes.

14. Mr. YAO Wenlong (China) said that the UNIDO Country Director programme had proven its usefulness, particularly in China, where the office of the Director had not only facilitated cooperation between the administration and UNIDO, but had also assisted UNDP in its work. Therefore, his delegation believed that the programme deserved to be strengthened and it approved the allocation of the amounts proposed by the Administrator for 1992 and 1993, which would not relieve UNIDO in the future from the necessity of reducing its programme expenses and finding other sources of financing.

15. Ms. ADAMS (Jamaica) also welcomed the allocation of the proposed amounts to the Country Director programme, which had provided effective support to UNDP activities in her country, particularly in industry.

16. Mr. TWITE (United Kingdom) said that his delegation understood the current difficulties of UNIDO, but that it could not support the UNDP allocation of supplementary funds to UNIDO. UNDP resources were scarce also, and it was facing a major reduction in funding for one of its main reasons for existence - technical assistance. Moreover, his delegation was not convinced that UNIDO had made every possible effort to reduce costs. Therefore, it supported the Administrator's proposal that the funds allocated would come out of the total amount for the financing of Country Director posts for the fifth programming cycle. While that solution would merely be a palliative, it did underscore the need for UNIDO to find solutions for the end of that cycle.

17. Mr. TRAXL (Austria) said that his delegation agreed that the programme was important and that the UNIDO request, which was reasonable, should be approved. His delegation supported the draft decision.

18. Mr. GOMEZ (Associate Administrator) assured members that, if the draft decision resulting from informal consultations was adopted, UNDP and UNIDO would implement it on the understanding that the greatest possible economy was absolutely necessary, particularly through control of overhead costs, so that, as far as possible, the funds received would be used directly for programme implementation.

19. Mr. GRAISSE (Secretary of the Governing Council) read out the draft decision, as follows:

(Mr. Graisse)

"The Governing Council,

Having considered the need for and possibility of increasing the annual allocation for the Country Director programme of the United Nations Industrial Development Organization on the basis of decision 11 of the Industrial Development Board at its tenth session, adopted on 6 November 1992 in Vienna, and the report of the Administrator (DP/1992/61),

Calling upon the Governments concerned to assume, whenever possible, local costs accruing from the posting of Country Directors to their countries,

1. Authorizes an amount of up to $10.2 million for the Country Director programme of the United Nations Industrial Development Organization for 1992 and 1993, from the total of $19 million earmarked for funding the Programme in the fifth programming cycle under the Sectoral Support Programme;

2. Invites the United Nations Industrial Development Organization to manage the Country Director programme within the overall allocation made within the fifth programming cycle and to organize its activities to sustain the Programme as far as possible through its own resources, it being understood that this matter will be reviewed by the Governing Council at its forty-first session (1994);

3. Underlines that the reallocation authorized above leads to a corresponding reduction of yearly allocations for the last three years of the cycle."

20. The PRESIDENT said that, if he heard no objection, he would take it that the Council approved the draft decision.

21. It was so decided.

The meeting rose at 8.05 p.m.